

Proposed changes made for consistent application of GAGAS where applicable:

1. For attestation engagements: require the additional GAGAS field work standards for auditor communication for all levels of work (par. 6.5-6.6); follow-up (par. 6.8-6.10); audit documentation (par. 6.11-6.17); internal control for examination level work (par. 6.18-6.19); and fraud, illegal acts, and other noncompliance for examination level work (par. 6.20-6.22)
2. For attestation engagements: require additional GAGAS reporting standards for reporting compliance with GAGAS (par. 6.25-6.27); reporting on internal control and on fraud, illegal acts, and other noncompliance when the work identifies deficiencies for all levels of attestation engagements (par. 6.28-6.31); views of responsible officials (par. 6.32-6.36); privileged and confidential information (par. 6.37-6.38); and report issuance and distribution (par. 6.39-6.43)
3. For performance audits: add a requirement that when using the work of a specialist, performance auditors be able to articulate the specialist's objectives, evaluate procedures used, and evaluate the results of the procedures or use another specialist for these purposes (par. 7.30-7.31)
4. For performance audits: add requirements consistent with Amendment No. 1, requiring documentation of decisions related to internal control over data significantly dependent on computerized information systems (par. 7.57), and Amendment No. 2, Auditor Communication (par. 7.32-7.33)

Proposed changes in requirements to strengthen/streamline GAGAS

5. Require, as part of the due care standard, that auditors exercise professional skepticism and perform their work with integrity (par. 3.6-3.7)
6. Require that audit organizations have an human capital management system (par. 3.10)
7. Require that auditors collectively possess the technical knowledge, skills, and experience necessary to be competent for the type of work being performed before beginning work on the assignment (par. 3.12)
8. Specifically state that auditors should have knowledge of GAGAS applicable to the work they are assigned (par. 3.12 a.) and knowledge of the specific environment in which the audited entity operates and the subject matter under review (par. 3.12b.)
9. Require that auditors be proficient in the AICPA *Statements on Standards for Attestation Engagements* when performing attestation engagements (par. 3.13 a) and that public auditors be licensed CPAs or work for a licensed CPA firm if engaged to perform an attestation engagement (par. 3.13b.)

10. Require that CPE directly contribute to the auditor's professional proficiency to perform work under GAGAS (par. 3.14)
11. Require external consultants/internal specialists that are responsible for following GAGAS in planning and directing an assignment, performing substantial portions of field work, or reporting on the assignment meet CPE requirements (par. 3.18)
12. Require that the internal quality control system include procedures for monitoring, on an ongoing basis, whether the policies and procedures related to the standards are suitably designed and are being effectively applied (par. 3.20)
13. Require that an audit organization prepare documentation to demonstrate compliance with its policies and procedures for its system of quality control (par. 3.21)
14. Specifically state that extensions of quality assurance review timeframes granted by other professional bodies are not recognized under GAGAS (par. 3.22, f/n. 7)
15. Require that organizations conducting external peer reviews to have received an unqualified opinion on the review of their organization's system of quality controls (par. 3.23b.)
16. Require that peer reviewers have knowledge and training on how to perform a peer review (par. 3.23c.)
17. Expand what is included in the peer review report (par. 3.23g.)
18. Require auditors to transmit their peer review reports to appropriate oversight bodies and provide a copy of their peer review report to auditors using their work (par. 3.25)
19. Specifically incorporate the AICPA's general standard on criteria for attestation engagements (par. 6.1)
20. Require that audit organizations establish policies and procedures for custody and retention of audit documentation (par. 4.24, 6.15, 7.67)
21. Require documentation when applicable standards are not followed (par. 4.22b, 6.16b, 7.68b)
22. Permit auditor judgment to exclude reporting certain information (par. 5.34, 6.38, 8.34) and to act with integrity in making this judgment (par. 8.35)
23. Revise the requirement for a written report to requiring a report that the auditor can make a judgment as the appropriate form (par. 8.3)
24. Require reporting whether the results from a sample can be projected to the intended population (par. 8.11)

25. Permit oral agency comments to be equally acceptable as written comments (par. 5.29, 6.34, 8.30)
26. Delete the specific statement that external quality control reviews conducted through or by other professional bodies meet GAGAS requirements
27. Delete the standard that requiring auditors to refer significant issues needing further study
28. Delete the requirement for auditors to report noteworthy accomplishments